



## Gold & Miners Register Second Overbought Readings

Countertrend rallies in gold tend to last nine to twelve weeks. This one is now nine weeks old and the last two weeks have produced overbought CCI(8) readings in bullion and miners.

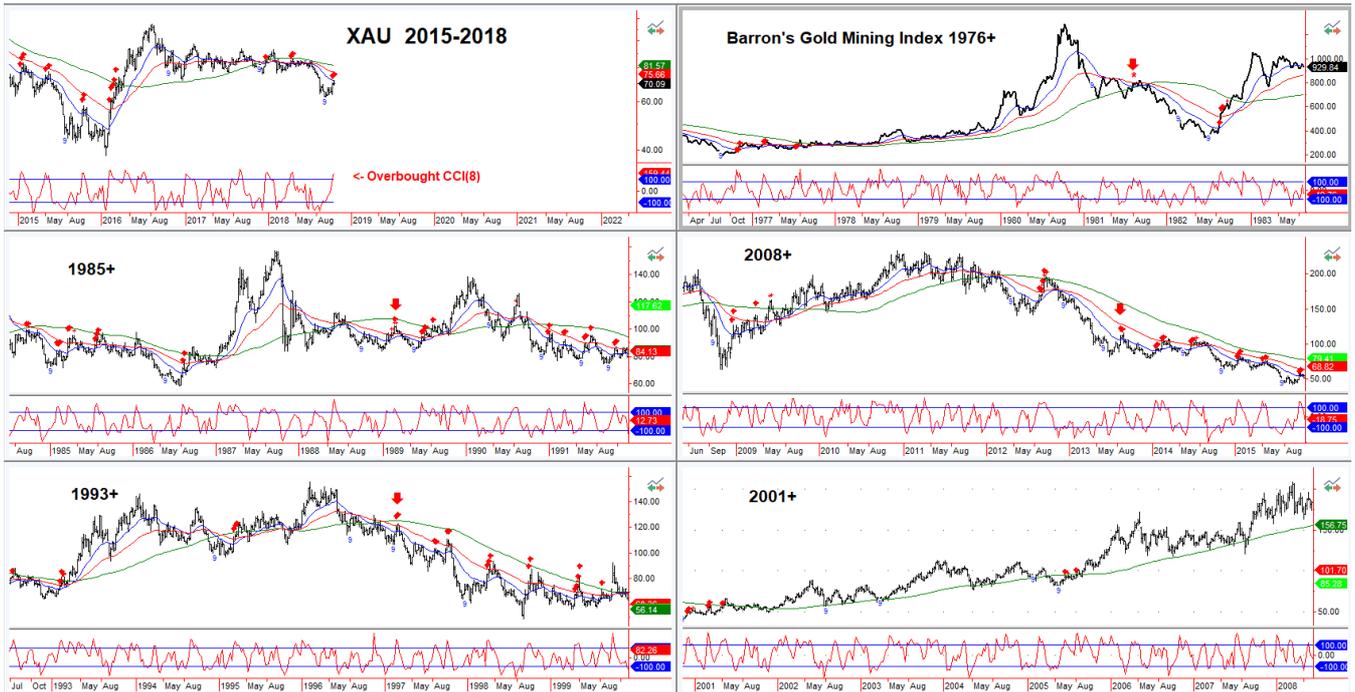
This buoyancy has also triggered a big reversal in COT numbers for Gold. There was a 55K swing in both commercial and non-commercial positions last week. Speculators are now net long and commercials net short for the first time since August. Similar reversals were seen in the bear market rallies of 1988-1993 and 1996-2001. The peaks of those gold rallies saw the RSI of the non-commercials (now 43) top around 60. Inversely, the RSI of commercials is at 56 and bottomed around of 35.

While the serious resistance level in gold is at \$1258 (50-week ema), prices have achieved initial resistance at the 20-week ema. The first week with a lower low could trigger a move below this year's low.

*Arrows identify the first overbought CCI(8) alerts once prices rolled over following the rally out of the 8-year cycle low.*



*XAU signals that coincided with the previous Gold alerts.*



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